

PART 1922 - APPRAISAL

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PART 1922 - APPRAISAL

Subpart A - Implementation of the Financial Institutions Reform, Recovery
and Enforcement Act (FIRREA) of 1989

§1922.1 Purpose.

This Instruction establishes the policies and procedures within the Farmers Home Administration (FmHA) to conform to the provisions of the Office of Management and Budget (OMB) Circular A-129 (Rev.) and other guidelines concerning the implementation of the FIRREA.

§1922.2 Scope and OMB guidelines.

(a) Intended scope. These provisions apply to all appraisals of real estate required for FmHA direct and guaranteed loans and grants. The provisions include appraisals required during loan making and loan servicing. This Instruction is not intended to require a real estate appraisal to be obtained when other FmHA Instructions do not require an appraisal.

(b) OMB Circular A-129 (Rev.) guidelines for FmHA loans and grants. The OMB Circular A-129 (Rev.), dated January 11, 1993, and current OMB guidelines were followed in the implementation of the general policies and training set out in this Instruction.

§1922.3 Definitions.

FmHA certificate of training. Training certification issued to full-time designated appraisers for completion of 165 hours of training as set out in Exhibits B and C of this Instruction.

FmHA full-time State designated appraiser. Full-time appraiser employees (GM-1171, GS-1171, or GS-301) who are, or will have, State-certified general status within 3 years from date of designation.

FmHA full-time State designated appraiser/reviewer. Full-time appraiser (GM-1171, or GS-1171 or GS-301, etc.) having sufficient technical training to conduct technical reviews (desk and field) in accordance with appropriate FmHA Instructions and Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP).

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Real Property
Appraisal

RD Instruction 1922-A
§1922.3 (Con.)

FmHA part-time State designated appraiser. Part-time appraiser (County Supervisors, Assistant County Supervisors, or State Office employees who are GS-475 or GS-1165) for loans or servicing transactions wherein the customer's total indebtedness on the real estate security property to FmHA and other lenders is or will be under \$100,000. Part-time appraisers must be designated as "part-time appraisers" and have current training to meet assigned duties.

FmHA transaction value. The value arrived at to determine whether FmHA's \$100,000 limitation has been met. It is to be used by FmHA designated appraisers (in-house) to determine who will conduct the appraisal for FmHA direct loan making and servicing. The FmHA transaction value is the customer's total indebtedness on real estate security property to FmHA and other lenders and it includes those loans or transactions that will be made.

State-certified general real property appraiser. State-certified appraiser authorized under State law to appraise all types of real estate at all levels. The State-certified general real property appraiser is authorized to complete FmHA appraisals in accordance with appropriate FmHA Instructions and involving loans or servicing transactions with no dollar limitation. (State appraisal authorities' definitions may differ.)

State-certified residential real property appraiser. State-certified appraiser authorized under State law to appraise all real estate consisting of one to four residential units without regard to transaction value or complexity. (State appraisal authorities' definitions may differ.)

State-licensed real property appraiser. State-licensed appraiser authorized under State law to appraise all noncomplex one to four residential units having a transaction value less than \$1 million and complex one to four residential units having a transaction value less than \$250,000. (Note: This is The Appraisal Foundation definition. State appraisal authorities' definitions may differ.)

§1922.4 Responsibility.

State Directors will be responsible for implementing the provisions of this Instruction. State Directors have the responsibility to maintain adequate training funds to meet the 3-year training program for FmHA full-time State designated appraisers as set out in §1922.6(a) of this Instruction. By August 1 each year, all FmHA State Directors must make a request in writing for appraisal training funds. The request must include the following: name of the individual; dates and names of courses to be taken in the coming fiscal year; course hours accredited by the State Appraisal Board; and a list of courses successfully completed with

§1922.4 (Con.)

indication of the hours accredited by the State Appraisal Board for each course in accordance with Categories 1 through 4 of Exhibit C of this Instruction. Written requests for training funds and the completed Exhibit D of this Instruction used to request the FmHA certificate of training, must be addressed to Farmers Home Administration, Human Resources Development and Training Staff, Ag Box 0732, Washington, DC 20250. For real estate appraisals completed for FmHA direct real estate loan customers, State Directors are also responsible for determining whether the appraisal will be completed by FmHA State designated appraisers (in-house) or contracted out.

§1922.5 FmHA contract real estate appraisers.

(a) All FmHA contract real estate appraisers are to meet the FIRREA certification or licensing requirements implemented by the State in which the real estate is located, as set out in Exhibit A of this Instruction.

(b) The statement of work in the contract should reflect which of three State appraiser classifications (General, Residential or Licensed) noted in Exhibit A of this Instruction apply and any other significant USPAP or FmHA program requirements.

(c) The selection of appraisers shall be made on an equal opportunity basis, whereby the race, color, national origin, sex, religion, age, or handicap of a prospective appraiser shall not be considered.

§1922.6 Training needs for FmHA full-time and FmHA part-time State designated appraisers.

(a) Training for FmHA full-time State designated appraiser. FmHA full-time State designated appraisers are required to obtain the State-certified general status within 3 years from the date of designation. The core courses selected by the appraiser and supervisor must be accredited by the State Appraisal Board and meet the general course guidelines and directions as set out in Exhibits B and C of this Instruction. Full-time designated appraisers taking the core educational courses in the 3-year curriculum, as set out in Exhibit B of this Instruction, are authorized to complete FmHA appraisals involving loans or servicing transactions with no dollar limitation. An FmHA certificate of training will be issued to those employees who successfully complete the core course hours. Verification of the training must be made on Exhibit D of this Instruction.

(b) Training for FmHA part-time State designated appraiser. The State Director or FmHA full-time State designated appraisal staff will determine and establish the training needs for all FmHA part-time State designated appraisers. The training will be sufficient to ensure that the ethics, competency, departure provisions, jurisdictional exception, and supplemental standards to Standards 1 and 2 of USPAP and the appropriate FmHA appraisal instructions are followed. FmHA full-time State designated appraisers should provide in-house/on-the-job training to FmHA part-time State designated appraisers in order to meet USPAP Standards and FmHA appraisal instructions. FmHA employees who perform farm and housing appraisals under this designation are authorized to develop the loan or transaction packages and complete the appraisal; however, they may not approve the loan or transaction.

§1922.7 Training needs for FmHA full-time State designated appraiser/reviewer.

The State Director will establish the training needs for FmHA full-time State designated appraiser/reviewer. They should have at least the minimum level of training as required for FmHA full-time appraisal staff as set out in §1922.6(a) of this Instruction; the 15 credit hours for reviewing appraisals noted in Category 4 of Exhibit C of this Instruction; and have recent, relevant and documented appraisal experience which clearly establishes their qualifications.

§1922.8 FmHA real estate appraisals for guaranteed loans.

General guidelines are noted in Exhibit A of this subpart. For detailed guidelines, see appropriate FmHA Instructions relating to the type of FmHA guaranteed loan involved.

§1922.9 Reimbursement of fees and dues for State-certified general appraisers.

The Agency has made a commitment to ensure that all FmHA full-time State designated appraisers and FmHA full-time State designated appraiser/reviewers, who have received their State-certified general status, be reimbursed for State fees and dues incurred. To receive reimbursement for the initial State application, testing, and certification fees for the current year or ongoing renewal fees, the employee must submit and document his/her claims in writing as follows:

§1922.9 (Con.)

- (a) Full name of person claiming reimbursement;
- (b) Present job series (i.e., GS-1171, GS-301, etc.);
- (c) A copy of current year's State-certified general license;
- (d) Proof of payment (copy of cancelled check or money order clearly showing dollar amount and date paid);
- (e) Complete address where reimbursement check can be mailed; and
- (f) Send reimbursement requests to the following address:

USDA, Farmers Home Administration
Program Development Staff
Ag Box 0772
Washington, DC 20250

§1922.10 Uniform Standards of Professional Appraisal Practice (USPAP).

(a) FmHA real estate appraisals. All real estate appraisals associated with FmHA direct and guaranteed loan making and servicing transactions will be completed as described in appropriate FmHA appraisal instructions and Standards 1 and 2 of USPAP. The USPAP guidelines include the ethics, competency, departure provisions, jurisdictional exception, and supplemental standards to Standards 1 and 2. Each FmHA full-time and part-time State designated appraiser will be furnished a current copy of USPAP each year. Current copies of USPAP can be found in each FmHA State Office.

(b) FmHA real estate appraisal reviews. All FmHA real estate appraisal reviews associated with FmHA direct and guaranteed loan making and servicing transactions will be completed as described in the appropriate FmHA program review instructions. All technical (desk or field) reviews must meet Standard 3 of USPAP. The USPAP guidelines include the ethics, competency, departure provisions, jurisdictional exception, definitions and supplemental standards to Standard 3.

§1922.11 Administrator's exception authority.

State Directors may request exception authority to the appointment of an FmHA full-time State designated appraiser. Authority shall be given to those States which can document that appraiser/reviewer labor requirements do not warrant full-time appraisal staff. An exception will only be granted to State Directors for part-time State designated appraisers (GS-1165 or GS-475) who will become State-certified general in 3 years, meet the training requirements of Exhibits B and C of this Instruction, and handle the review of appraisals. This authority shall not be granted to those FmHA part-time State designated appraisers who will have authority to appraise only real estate under \$100,000. The exception authority must be in writing. It must include the number and type of jobs (GS-1165 or GS-475) involved, address or location of employees affected, and the expected labor documentation or studies completed. The studies must clearly show the anticipated hours per year that are necessary to meet the appraisal loan making and/or appraisal review actions.

§§1922.12 - 1922.50 [Reserved]

Attachments: Exhibits A, B, C, and D.

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FARMERS HOME ADMINISTRATION REAL ESTATE APPRAISER REQUIREMENTS

Type of State-Appraiser Classifications

General Residential Licensed

CONTRACTOR REQUIREMENTS

FOR DIRECT LOANS

1. Farmer Programs	X		
2. Single Family Housing*	X	X	X
3. Multi-Family Housing	X		
4. Business/Industry	X		
5. Community Programs	X		

LENDER APPRAISER REQUIREMENTS

FOR GUARANTEED LOANS

1. Farmer Programs**	X		
2. Single Family Housing	X	X	X
3. Business/Industry	X		
4. Community Programs	X		

Note *: Solicitation shall include minimum State-appraiser classification.

Note **: On guaranteed real estate secured loans submitted by lenders, the appraisal must be completed by a State-certified general appraiser if the loan transaction is greater than \$100,000. The loan transaction includes interest through the closing date. However, the lender has the option of using either a State-certified general appraiser or State-licensed appraiser if the loan transaction is \$100,000 or less. For a definition of loan transaction related to guaranteed Farmer Programs loan servicing, see §1980.113 of RD Instruction 1980-B.

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MINIMUM TRAINING CURRICULUM REQUIREMENTS

(For Farmers Home Administration full-time State designated appraiser and FmHA full-time State designated appraiser/reviewer positions.)

1. Each FmHA full-time State designated appraiser or FmHA full-time State designated appraiser/reviewer must successfully complete a minimum of 165 core course hours accredited by the State Real Estate Appraiser Board, as outlined in Categories 1, 2 and 3 in Exhibit C of this Instruction, in order to receive the FmHA certificate of training.
2. Employees will have 3 years from the date they enter the FmHA full-time State designated appraiser position or FmHA full-time State designated appraiser/reviewer position to successfully complete the core course curriculum, obtain FmHA certificates of training, and achieve their State-certified general status. For those employees who have entered the FmHA full-time State designated appraiser position on or before January 7, 1994, the educational requirements must be achieved by January 1, 1995.
3. The 15 minimum hours required for reviewing appraisals as cited in Exhibit C of this Instruction, applies to those employees who are named FmHA full-time State designated appraiser/reviewers. The 15 minimum hours are generally accredited by the State Real Estate Appraiser Board as continuing education.
4. All courses and accredited hours must have been successfully completed after January 1980.
5. Employees who have received their State-general certification status are required to complete a minimum of 10 course hours accredited by their State Real Estate Appraiser Board annually. The course topics for this continuing education requirement are left to the discretion of the employee and his/her supervisor.
6. Training requirements may be taken from such approved institutions as the following:
 - a. Colleges or universities.
 - b. Community or junior colleges.
 - c. Real estate appraisal or real estate-related organizations.
 - d. State or Federal agencies or commissions.
 - e. Proprietary schools.
 - f. Other providers approved by the State certification licensing agency.

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REQUIRED CURRICULUM

Category 1: One hundred twenty-six credit hours of the following, with a minimum of 40 hours concentration in farm real estate appraisal related courses.

- (A) Sales comparison approach
- (B) Cost approach
- (C) Income approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Direct capitalization
 - Estimated cash flow
 - Measures of cash flow
 - Discounted cash flow analysis

Category 2: Uniform Standards of Professional Appraisal Practices (15 credit hours minimum).

Category 3: Narrative report writing (24 credit hours minimum).

Category 4: Reviewing appraisals (15 credit hours minimum for employees in appraiser/reviewer positions).

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